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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)

(110 Surface Use)	
THIS LEASE AGREEMENT is made this 3/9+ day of Ququ9+	, 2008, by and between
Cyuthia J. Trim, a Swale Person	
whose addresss is 932 FQ9+ DICHONOL OFFICE FOR HUDE and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor herebidescribed land, hereinafter called leased premises:	e. All printed portions of this lease were prepared by the party
OUT OF THE SOUTHLAND	, BLOCK 36 ADDITION, AN ADDITION TO THE CITY OF
IN VOLUME 310 , PAGE 11 OF THE PLAT REC	ORDING TO THAT CERTAIN PLAT RECORDED CORDS OF TARRANT COUNTY, TEXAS.
substances produced in association therewith (including geophysical/seismic operations). The term "gas" commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lead now or hereafter owned by Lessor which are configuous or adjacent to the above-described leased premises this lead now or hereafter owned by Lessor which are configuous or adjacent to the above-described leased premises are configuous or adjacent to the above-described leased premises of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be to determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be	'as used herein includes hellum, carbon dioxide and other ease also covers accretions and any small strips or parcels of isses, and, in consideration of the aforementioned cash bonus, or accurate description of the land so covered. For the purpose be deemed correct, whether actually more or less.
 This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of <u>FU</u> as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the I otherwise maintained in effect pursuant to the provisions hereof. 	leased premises or from lands pooled therewith or this lease is
3. Royalities on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to separated at Lessee's separated facilities, the royalty shall be TDEANFIVE PEYCED+ (AS). Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and TDEANFIVE PERCEIVE (AT) %) of the proceeds realized by Lessee from the sale production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or othe Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price has ame or nearest preceding date as the date on which Lessee commences its purchases hereunder, and (c) more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other are waiting on hydraulic fracture simulation, but such well or wells are either shut-in or production there from is rob deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 50 there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then cove Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter or while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is being sold by Lessee; the provided that if this lease is being sold by Lessee; the provided that if this lease is being sold by Lessee; the provided that if this lease is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-following cessation of such oper	_%) of such production, to be delivered at Lessee's option to shall have the continuing right to purchase such production at same field, then in the nearest field in which there is such a all other substances covered hereby, the royalty shall be thereof, less a proportionate part of ad valorem taxes and thereof, less a proportionate part of ad valorem taxes and the for production of similar quality in the same field (or if there is the pursuant to comparable purchase contracts entered into on the primary term or any time thereafter one or substances covered hereby in paying quantities or such wells not being sold by Lessee, such well or wells shall nevertheless or consecutive days such well or wells are shut-in or production ered by this lease, such payment to be made to Lessor or to more before each anniversary of the end of said 90-day period e is otherwise being maintained by operations, or if production in royalty shall be due until the end of the 90-day period next der Lessee itable for the amount due, but shall not operate to matters and the same of the same of the lesser at the last syments or tenders may be made in currency, or by check or by chook addressed to the depository or to the Lessor at the last by another institution as depository agent to receive payments. It paying quantities (hereinafter called "dry hole") on the leased saes from any cause, including a revision of unit boundaries his lease is not otherwise being maintained in force it shall diditional well or for otherwise obtaining or restoring production. If at mut Lessee is then engaged in drilling, reworking or any other mass any one or more of such operations are prosecuted with as or other substances covered hereby, as long thereafter as of a well capable of producing in paying quantities hereunder, it operator would drill under the same or similar circumstances are premises or lands pooled therewith, or (b) to protect the fine thall the producine or the paying quantities hereunder.
6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interesting or zones, and as to any or all substances covered by this lease, either before or after the commencer proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling autitually formed by such pooling for an oil well which is not a horizontal completion shall not exceed 840 acres plus a maximum acreage tolerance of 10%; provided that a lar completion shall not exceed 840 acres plus a maximum acreage tolerance of 10%; provided that a lar completion to conform to any well spacing or density pattern that may be prescribed or permitted by any govern of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the prescribed, "oil well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas refet or more per barrel, based on 24-hour production test conducted under normal producing conditions us equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gomponent thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration Production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated not acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but or Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall not exhaust Lessee's pooling rights hereunder, and Lessee shall file of record a written declaration describing the revised unit and stating teased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production.	ment of producilon, whenever Lessee deems it necessary or hority exists with respect to such other lands or interests. The a maximum acreage tolerance of 10%, and for a gas well or a grer unit may be formed for an oll well or gas well or horizontat imental authority having jurisdiction to do so. For the purpose the appropriate governmental authority, or, if no definition is so well' means a well with an initial gas-oil ratio of 100,000 cubic sling standard lease separator facilities or equivalent testing the gross completion interval in facilities or equivalent testing the standard lease separator facilities or equivalent testing the gross completion interval in the reservoir exceeds the vertical of describing the unit and stating the effective date of pooling. Premises shall be treated as if it were production, drilling or dishall be that proportion of the total unit production which the only to the extent such proportion of unit production is sold by all have the recurring right but not the obligation to revise any on, in order to conform to the well spacing or density pattern leage determination made by such governmental authority. In the effective date of revision. To the extent any portion of the

leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filling of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lesson's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The Interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the

8. The interest of either Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lesses ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest shall not affect the table of arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be released of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in a recording the protection of the area covered hereby.

in accordance with the net acreage interest related hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the teased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canats, pipelines, tranks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, slore, treat and/or transport production. Lessee may use in such operations, free of cost, any oit, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority

having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, meterial, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offer, the price affective upon and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default and Lessee fails to do so.

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

operations.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE) By: ACKNOWLEDGMENT acknowledged before me 2008. KISHA G. PACKER POLK ry Public, State of Netary's name (printed): Notary's commission expires: Public, State of Texas My Commission Expires April 15, 2012 STATE OF COUNTY OF 2008. This instrument was acknowledged before me on the day of



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

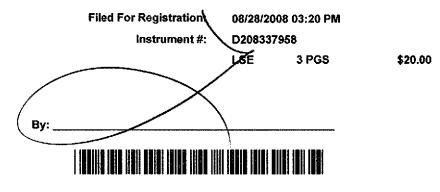
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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